

Defined Contribution Risk Adjuster Board Minutes

State Office Building Room 3112

Approved

December 16, 2009

Attendees: Mark Brown, Select Health; Nancy Askerlund, UID; Perri Babalis, Utah Attorney General; Earl Hurst, Humana; Stephanie Jensen, PEHP; Korey Capozza, Voices for Utah Children; Janice Houston, UHPP; Bob Wilcox, UID; Jim Pinkerton, Regence; John Sweeney, Health Equity; Dan Schuyler, OCHS; Norm Thurston, DOH; Chet Loftis, Regence; Lucy Feldkircher, Health Equity (via telephone); Dave Jackson, First West (via telephone); Ray Seaver, bSwift (via telephone); Jodi Schultz, Humana (via telephone)

- Mark Brown called the meeting to order at 9:14 AM and welcomed the group
- Mark asked if there were questions or concerns with the minutes from December 1, 2009
 - Page 2, about 2/3 down the page, *employers* should be added to Dave's statement
 - Page 2, bottom sub bullets, *rating* should be changed to *risk adjustment*
 - Page 2, last sub bullet, add the phrase *if we have to license additional software*
 - Page 3, second sub bullet, reword Dave's statement to *even with retrospective risk adjustment, it is possible not enough money will be collected for catastrophic risk*
 - Page 3, middle section, Mark wanted it clarified this decision was made as a board, not by himself
 - Page 3, last bullet, remove *unofficially*
- The December 1, 2009 minutes stand approved as amended in this meeting
- Dan provided an update on the portal. There are 13 groups with 161 employees with the effective coverage date of January 1, 2010. As of today, there are no EFT failures
 - Lucy stated the invoice was delayed a few days. There were originally 16 groups, but due to information that was received December 14th, three groups were termed. The invoice was run on December 5th, rather than December 8th. Funds were pulled on December 10th rather than on the 8th. If there are no ACH failures today, they will be on schedule to make the first payment on December 21st to the three participating carriers and to bSwift
 - Dan summarized the number of groups belonging to each carrier
 - Select Health received 133 employees, 365 total bodies, 12 groups
 - Regence received 20 employees, 61 total bodies, 9 groups
 - Humana received 8 employees, 8 total bodies, 4 groups
 - Earl asked what percent chose the default plan
 - According to Norm, 40% went into the system to look at their choices so approximately 50% or more went with the plan their employer selected. There was a suggestion of not including a default plan up front, forcing employees to find the plan that best suits them and if a plan was not chosen, then they would be assigned the default
 - It was agreed limited launch was too confusing; choosing between 66 plans, navigation was not easy, there is a need for end-user functionality/usability, the underwriting process needs to be a smoother process
 - Ray stated bSwift went through an internal process on what needs improvement and how to better filter plans to reduce the number of options.

He discussed an iterative process to create the right filters and provide consumers a shorter list of options. From the carrier perspective, they are working on getting permission established so carriers have more flexibility to maintain their plans and rates

- Ray asked what adjustments will be needed for the underwriting process. Particularly, the timing they reach the group level data versus the employee level data and if the gap in this process can be shortened. Another issue is the census being provided in different shapes, sizes and formats. He would like a standardized format
- Ray asked what needs to be done before the next launch. The current process is not sustainable at a greater volume
 - Mark stated a template can be downloaded and used for the census. As for the timing of being able to get quotes, they are behest of the employer and broker submitting the quote. As we move to month-to-month enrollment, this timeline will be closer so there will be a smaller gap
- The business plan was reviewed but due to lack of time, was not reviewed in its entirety. This plan needs to be submitted to the insurance department by January 1, 2010. Mark asked that all changes be submitted to Jim by the end of day today. Mark asked Jim to pull the revised plan together by end of day tomorrow and send out the new draft. Our final comments should be back to Jim no later than the beginning of the work day on the 21st so the plan can be finalized and sent out by noon in order to meet the 24 hour notification for a conference call on December 22, 2009 at 1:00 PM
- Jim asked that individual risk rating be discussed in the next RA & PA Subcommittee meeting. He would like to see a cap on this rating
- Speaker Clark is concerned with the results during the limited launch. He would like us to address how to ensure the rates in the exchange are consistent and fair with the market outside the exchange
 - Mark believes the compressed time frame led to some of the challenges. Tasks were accomplished, but the outcomes were not ideal. He also stated one of the requirements as the Risk Adjuster Board (RAB) is to ensure financial viability of the Defined Contribution (DC) exchange. Some of the outcomes may be financially viable, but it needs to be attractive to all employers
 - Earl stated the DC market was not allowed to run as it was designed. 50% of the people should not have gone to the default plan. For consumers to be involved in the exchange, the consumers need to be urged to think as a consumer. The consumer was not forced to make plan design decisions to best suit their family. Additionally, the concept was forced upon the brokers or consumers. They did not have the tools for selecting through 66 plans
 - Dan stated about 60% of the groups dropped out because of the disparity in the rates. The remaining 30-35% was due to the Universal Health Application, the daunting plan selection process or because of waiver issues
 - Norm stated the Speaker wants to make this market work 100% but feels the major obstacle is the perception that plans in the exchange are going to cost more. He would like to guarantee you will not see more expensive prices in the exchange when comparing apples to apples
 - Jim questioned why the plans would cost the same. There is no reason to believe the exchange will cost the same or less. The rates should be higher than

the traditional market. The participating carriers voluntarily used the same base rates as the traditional market but they should have added in an anti-selection load to these rates

- Norm stated we need to come up with a way to make the exchange and the traditional markets coexist
 - Earl and Norm were in agreement the census is different between the two markets
- Earl was intrigued there was more than a 60% rate up for a lot of the groups
 - Mark was not surprised because of the market. He asked us to look at *who* is looking to move into the new market. He asked if the intent is to be something different, or to replicate the same market that already exists
- The next meeting is scheduled for January 26, 2010 at 9:00 AM